

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

WEDNESDAY, MARCH 21, 2012, AT 11:00 A.M.

IN THE MARY BRENNAN BOARD ROOM,

T. F. GREEN AIRPORT, 2000 POST ROAD

WARWICK, RHODE ISLAND

The meeting of the Rhode Island Airport Corporation (“Corporation”) Finance and Audit Committee was called to order by Chair of the Committee, Deborah M. Thomas, at 11:00 a.m., in the Mary Brennan Board Room at T. F. Green Airport, 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

COMMITTEE MEMBERS PRESENT: Deborah M. Thomas; Kathleen C. Hittner, M.D.

COMMITTEE MEMBERS ABSENT: Joseph M. Cianciolo; Michael F. Ryan.

ALSO PRESENT: Kevin A. Dillon, A.A.E., President and CEO; and those individuals listed on the attendance sheet attached hereto.

1. Approval of the Minutes:

A motion was made by Dr. Hittner and seconded by Ms. Thomas to approve the Minutes of the Finance and Audit Committee Meeting of September 20, 2011. The motion was passed unanimously.

2. Action Item:

(a) Discussion of Year-to-Date Financial Results Through December 31, 2011.

Mr. Schattle gave a presentation which provided an overview of the year-to-date financial results through December 31, 2011. The presentation focused on revenues and expenses, with a focus specifically on parking. Mr. Schattle noted that the implementation of initiatives such as the Frequent Parker Program, and additional parking spaces in Garage A, had a positive impact on parking revenues. There was specific discussion on the performance of the individual parking lots.

Mr. Schattle discussed personnel costs with the Committee noting that vacancies, along with a continuation of several efficiency initiatives enabled the Corporation to continue to trim costs.

Mr. Schattle discussed operating expenses noting that costs were lower than anticipated due to the mild winter which resulting in a savings in snow removal costs and utility expenses.

Mr. Schattle gave an overview of revenues and expenses for the InterLink facility.

There was detailed discussion on several other income and expense line items, specifically the line item related to Miscellaneous Income – Drug Forfeiture. Mr. Dillon explained that these funds are restricted for use by the police department and related expenses.

There was general discussion on enplanements and the way they are calculated.

Mr. Dillon gave an overview of a nationwide initiative to recoup some of the costs associated with the installation of the EDS In-Line Baggage system. Mr. Dillon reported that there is a consortium of airports involved in this initiative.

Ms. Thomas thanked the staff for their diligent work on the preparation of the financial statements.

3. Action Item:

(a) Consideration of and Action Upon Award of Auditing Services for the Rhode Island Airport Corporation.

Mr. Dillon gave an overview of these services. Mr. Schattle noted that six proposals were received in response to the RFP. Two firms

were invited in for interview by the Selection Committee. The recommendation is that the Committee authorize the engagement of McGladrey & Pullen, LLP to provide Auditing Services to the Rhode Island Airport Corporation for a one year period, with two, one-year renewals at the sole discretion of RIAC, subject to the approval of the Auditor General and the Director of Administration for the State of Rhode Island. There was general discussion of the proposed workplan.

A motion was made by Dr. Hittner and seconded by Ms. Thomas to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) issued a Request for Proposals (RFP) on February 13, 2012 for Auditing Services and conducted a selection process pursuant to RIAC's Procurement Rules; and

WHEREAS, a Selection Committee comprised of: Brian Schattle, Chief Financial Officer; Doug Dansereau, Chief Auditor; and Nicole Williams, Corporate Controller, was formed to evaluate the responses to the RFP; and

WHEREAS, the Selection Committee received six proposals and selected McGladrey & Pullen, LLP to provide Auditing Services for a three year period; and

WHEREAS, the fees for the audits of financial statements are \$23,800, \$25,000 and \$26,250 for the Fiscal Years ended June 30, 2012, 2013 and 2014, respectively; and

WHEREAS, the fees for the Single Audit are \$9,800, \$10,300 and \$10,800 for the Fiscal Years ended June 30, 2012, 2013 and 2014, respectively; and

WHEREAS, the fees for the Passenger Facility Charge (PFC) Audit are \$4,900, \$5,100 and \$5,350 for the Fiscal Years ended June 30, 2012, 2013 and 2014, respectively; and

WHEREAS, the proposed Fiscal Year 2013 Operating and Maintenance (O&M) Budget will include \$38,500 for the first year of services; and

WHEREAS, funding for these services, in future years, will be established on an annual basis as part of the O&M budget; and

WHEREAS, this selection requires approval of the Auditor General and the Director of Administration of the State of Rhode Island.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Board authorizes the engagement of McGladrey & Pullen, LLP to provide Auditing Services to the Rhode Island Airport

Corporation for a one year period with two, one year renewals at the sole discretion of RIAC, subject to the approval of the Auditor General and Director of Administration of the State of Rhode Island.

The motion was passed unanimously.

(b) Consideration of and Action Upon Fiscal Year 2013 Airport Project Inducement Resolution.

Mr. Dillon gave an overview of the Inducement Resolution noting that the Corporation is preparing for a potential bond issuance to finance various capital projects referred to as the Fiscal Year 2013 Airport Project. There was an overview of the capital projects included in the Fiscal Year 2013 Airport Project. The recommendation is that the Committee, on behalf of RIAC, declare its official intent, pursuant to Treasury Regulation § 1.150-2, to reimburse certain expenditures made for the Fiscal Year 2013 Airport Bonds Project prior to the issuance of the Fiscal Year 2013 Bonds in an amount not to exceed \$25,000,000.

A motion was made by Dr. Hittner and seconded by Ms. Thomas to approve the following resolution:

WHEREAS, the Rhode Island Airport Corporation (RIAC) is a public corporation, governmental agency and instrumentality of the State of Rhode Island and Providence Plantations (the State) organized and

existing under Chapter 64 of Title 42 of the Rhode Island General Laws, as amended (the Act) as a subsidiary public corporation of the Rhode Island Economic Development Corporation (EDC); and

WHEREAS, RIAC has the power, pursuant to Section 42-64-2(g) and Section 42-65-5 of the Act "to furnish proper and adequate airport facilities within the State...;" and

WHEREAS, RIAC is planning to undertake the Fiscal Year 2013 Airport Project, consisting of the financing of various capital projects; and

WHEREAS, RIAC intends to finance the Fiscal Year 2013 Airport Project by requesting the EDC to issue Airport Revenue Bonds (the Fiscal Year 2013 Airport Bond).

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee, on behalf of RIAC, hereby declares its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse certain expenditures made for the Fiscal Year 2013 Airport Project prior to the issuance of the Fiscal Year 2013 Airport Bond in amount not to exceed \$25,000,000.

4. Future Meetings:

The next meeting will be announced.

5. Adjournment:

Dr. Hittner moved to adjourn at approximately 11:30 a.m. Ms. Thomas seconded the motion. The motion was carried by acclamation.

Respectfully submitted,

**Deborah M. Thomas, Chair
Finance and Audit Committee of
the Rhode Island Airport Corporation**

**ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
FINANCE AND AUDIT COMMITTEE
MARCH 21, 2011**

Brian Schattle RIAC

Peter Frazier RIAC

Richard Langseth Greenwich Bay Watershed